

Utah State Building Board



TELE-CONFERENCE MEETING March 23, 2000

MINUTES

On Thursday, March 23, 2000, a special Utah State Building Board tele-conference meeting was held at the State Office Building Room #4112, Salt Lake City. The meeting was called to order at 2:00 p.m. by Chairman David Adams.

Utah State Building Board Members participating by telephone:

David Adams, Chair
Keith Stepan, Vice Chair
Chuck Canfield
Mary L.C. Flood
R. Haze Hunter
Kay Waxman
Joseph Jenkins
Dan Olsen on behalf of Lynne Ward

Division of Facilities and Construction Management (DFCM) Staff in attendance:

Richard E. Byfield, Director
Kent Beers
Sylvia Haro
Lynn Hinrichs
Ken Nye
Jack Quintana
Teena Scholte
Robert Woodhead

Guests in attendance:

Rep. Gerry Adair (by telephone)
Raylene Ireland (by telephone)
Dean Kashiwagi (by telephone)
Alan Bachman
Leslie Marks

Chairman David Adams asked each Board member to express their comments about the Performance Based Procurement Hearing.

Keith Stepan stated that he was pleased with the hearings, especially for the time that was given to the presenters. He expected a positive response from the contractors. He noted that some A/E firms favor Performance Based Procurement System (PBPS). Much of the opposition to PBPS, he feels, comes with the difficulties with change. However it gives architects what they desire; performance-based awards, as opposed to dollar-based. It is only a matter of how the scoring system works. Most are concerned about the scoring system and ensuring it's equity. Mr. Stepan indicated he disliked the comments made on behalf of the Legislature but felt that feedback on the whole was positive. Mr. Stepan believed that the system could use a committee of volunteers so that the communities feel they have input.

Joe Jenkins acknowledged Mr. Stepan's feelings, and indicated he had discussed the issue with Rep. Loraine Pace. They both agreed that it was time to move forward to come up with a program for State procurement. The program should not be delayed. Mr. Jenkins also agreed that a committee should be established. The system should not be split so that architects and engineers are left out.

Haze Hunter expressed agreement with the previous statements. Mr. Hunter believed that some adjustment on the rating of architects and engineers is necessary. The A/E's need to be included in the program, which will be beneficial to the State.

Dan Olsen agreed with previous speakers, and believes Rep. Loraine Pace's statement is accurate. It is necessary to move forward. Mr. Olsen expressed concern over the scoring and it's manipulation. He felt a committee should be formed to rectify the issue.

Kay Waxman concurred, and offered two issues to examine: How can the Building Board satisfy the A/E community's concerns? Is there a way to rate them in a way that they are not out of the process, while recognizing the differences of the A/E community? Ms. Waxman questioned comments offered during the hearing regarding a contractor with 20 years experience who leaves one company to start his own, and if the lack of corporate experience to the person's ability to be considered in PBPS or to be given a rating that recognized the time they have been involved in the field? Mr. Byfield responded that the issue is two-fold; the firm is important and each firm, though the individuals, asks the questions. If the tenure of the organization is important, it should be measured. The individuals are also important. If a firm of 20 years has no one capable, their scores should be diminished. Longevity should emphasize personal experience rather than business existence. Ms. Waxman asked if the question should be split. Mr. Byfield did not know. A fear that every brand new firm tends to have is if they can compete. No one started an organization without experience. References can validate the experience. Mr. Stepan added that it was an issue that needed follow-up. The

questions should be broken up. Mr. Canfield mentioned that the A/E community is different than the contractor communities.

Mr. Stepan recognized the problems with applying PBPS to the A/E community. It is a new experience for them to have new responsibilities and liabilities. He thought that the scoring problem deserved attention, namely those who would do the scoring. He was concerned about fairness in scoring. Developing a task force would be crucial. Someone on the Building Board should be present at all of the selection committee meetings. He was concerned about the qualifications of the people making the assessments.

Mr. Byfield mentioned that he appreciated the concerns. There is a point of balance where sometimes new experience is helpful. Different disciplines bring different perspectives into the selection process. The panel does need more information to be successful.

Ms. Flood agreed with the prior comments. It is important not to let the process drag. Change does make people nervous, but PBPS could be equitable. The State would benefit with the change.

Chairman Adams mentioned that the Board is in agreement that the process needs to continue. A committee should be developed from the architectural, engineering, and contracting communities to tweak the system. The Board should proceed diligently and avoid delaying the outcome. The Board concurs.

Chairman Adams asked Mr. Byfield to develop a list of potential committee members that he thought could participate constructively and without bias. The committee and its operating rules should be established.

Ms. Ireland mentioned that the meeting Dr. Kashiwagi held the day after the hearing was a productive one, allowing the A/E community to interact with Dr. Kashiwagi. He was able to address many of the concerns. She and Barry Smith, of the AIA had a good exchange. Mr. Smith acknowledged that the architects could participate in PBPS once the concerns were addressed. There is a concern among the A/E community that the selection committees should be stronger than they currently were. There needed to be better orientation and training of the members. The A/E community needs to have confidence that they are being evaluated in a competent way.

The chair mentioned that the A/E community were the last to be added to PBPS. Their comments are to be expected because it is fairly new to them. Chairman Adams asked Ms. Ireland on her thought on how to structure the committee to move the issue forward.

Ms. Ireland stressed that the process needed to move forward. She acknowledged the Legislative support of Reps. Adair and Pace. All of the components are there to move forward.

Upon being asked by the Chair, Mr. Byfield mentioned that nearly \$100 million worth of work has been created under PBPS. \$50 million was for the University of Utah's Housing project. About nine projects have been procured, three for the A/E community. There are no procurement projects pending at the moment. Having the Legislature hear the item was important. Mr. Byfield concurred on the need for a committee.

Chairman Adams asked how much money has been committed by DFCM for PBPS. Mr. Byfield replied that \$200,000 has been spent for the \$100 million for the work. That money came from project funds. Mr. Byfield noted that Randy Turpin of the University of Utah was upset that the University was subsidizing the PBPS selection. He has since become one of the leading proponents of PBPS.

Chairman Adams stated that the committee should consist of architects, contractors, staff and Building Board members. He proposed that Mr. Byfield prepare a recommendation to the Board as to who should be on the committee.

Mr. Stepan indicated that the Board should nominate individuals from their area, as well as from Salt Lake. Chairman Adams agreed. It was concurred that Building Board members should be on the committee.

Mr. Jenkins stressed that it is important that the State take ownership of PBPS.

Chairman Adams proposed for the committee meetings to take place immediately following the Building Board meetings. The next meeting will be on April 26th.

Mr. Byfield suggested that DFCM prepare the individuals selected to join the task force. He sought immediate input from the Board on the selection and the chair's help in creating a structure for the meetings, so that at the next meeting, DFCM can produce a status report. Mr. Byfield mentioned that a Building Board member's presence at the task force meetings would lend credibility to its goals, but cautioned that every Board member did not need to be present at every task force meeting.

Chairman Adams suggested that the task force meetings be scheduled immediately following the Building Board meeting. The first committee meeting should be scheduled following the

May Building Board meeting. The selections of the committee-members will be reviewed at the April meeting.

Mr. Hunter acknowledges that the task force members should include those who disagree with PBPS. Mr. Byfield acknowledged that many individuals who have been invited to participate in the PBPS process have changed their mind.

Chairman Adams acknowledged the need for objectivity, but is concerned that there is a bias against PBPS that has contributed to untruths being told about it.

Mr. Byfield mentioned that there are firms and individuals challenging the process who but are still open-minded, and would like involved in the task force. Mr. Byfield advised Chairman Adams that there were no scheduled Building Board meeting for the month of May.

Chairman Adams asked for the Building Board's input on a May Building Board meeting dedicated to issues related to the task force. The Board consented.

Chairman Adams asked for all members to be present. Everyone agreed on holding a Task Force meeting to discuss PBPS on Thursday, May 18, 2000. A Building Board member should chair the Task Force and attend every meeting. Mr. Jenkins mentioned his concern that the task force not stray from its mandate. The chair agreed, citing a similar situation eight years ago, when a task force was commissioned to make a recommendation to the Governor. They met every two weeks and accomplished their mandate within two months. The chair expects the same from the PBPS task force.

Mr. Jenkins requested from Mr. Byfield an outline on the operation of PBPS as it stands. If he were a new contractor into the State of Utah, what process would he go through to get recommendations? Mr. Jenkins wanted to ensure that there is common ground between DFCM and the Building Board as to how PBPS operates. He suggested that it would make the task force process much simpler. Mr. Byfield concurred and indicated that Dr. Kashiwagi is currently assessing last year's PBPS procurement from an objective standpoint. Mr. Byfield offered that Dr. Kashiwagi's results would be helpful to the task force.

Chairman Adams requested that the outline be presented to the Building Board before the next meeting.

Ms. Waxman observed that one member on the evaluation committee for the Department of Corrections Administration Building had done no homework. This individual failed to rank the management plans as he was requested to. It is important that, before any evaluations take

place, every member needs to realize the importance of their decisions, the necessity for them to be present at every meeting. If they are not willing to invest the time and energy, they should not be considered.

Chairman Adams added that PBPS needs to be managed by a full-time dedicated staff-member at DFCM, and that Project Managers are spread too far thin for management. The program needs to be run by an administrator. Ms. Ireland stated that there is no financial capacity to carry such a position, but she agreed that a PBPS administrator is necessary. More information can be gathered and a request can be made to the Governor. It needs to be taken up as a matter of business with Lynne Ward. The chair asked Ms. Ireland to report on her progress to the Building Board at it's next meeting.

Mr. Kashiwagi, at the behest of the chair, mentioned that the chair's statement was valid. He regretted that the entire Building Board was not present for the follow-up presentation after the meeting. At the meeting, Mr. Kashiwagi felt that discussion on a number of issues defused designer and contractor worries. Mr. Kashiwagi agreed on the need for a program administrator. The State of Hawaii has an administrator and a coordinator in place to do nothing but PBPS work, and Hawaii has started on smaller projects.

Chairman Adams indicated that the State of Utah was paying too much for buildings in the system, and felt that much of the high cost is associated with A/E selection. There are some buildings that have demanded higher cost, but the majority of them – especially if the Building Board is to look at the Florida program of a standardized building system – justifies a more cost-effective delivery system. PBPS can help formulate a standardized delivery system. Chairman Adams asked Rep. Adair for his insight.

Rep. Adair mentioned that the process must continue. He felt that more and better buildings can be built using PBPS. Rep. Adair believes that the Legislature will provide adequate funding for DFCM's PBPS programs.

Chairman Adams indicated that the Building Board needs to become more credible with both the Legislative and Executive branches, and felt that the Building Board members can do a great service to the taxpayers in their efforts.

Rep. Adair stated that he would do whatever he could to facilitate PBPS.

Chairman requested that a meeting room (Auditorium) should be reserved for the third Wednesday and Thursday of every month for Building Board meeting. The chair stressed that

the Building Board meetings should be held at Capitol Hill. Mr. Byfield suggested that the dates of future Building Board meetings be placed on the agenda for April's meeting.

Mr. Byfield mentioned that Friday at noon would be the dedication of the Price Youth Corrections Facility and invited the Building Board's presence. The chair asked for Sylvia Haro to fax a notice to the Building Board members. The chair thanked the Board for their presence and participation in the formation of the PBPS task force.

Meeting adjourned at 3:00 p.m.

Minutes prepared by: Sylvia Haro